



E-COMMERCE & CONSUMER PROTECTION IN DEVELOPING COUNTRIES

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD

INTRODUCTION

- ◉ Electronic Commerce (E-Commerce) & Mobile Commerce
 - Business transaction carried out over electronic systems is growing rapidly and continue to play an increasingly important role in our personal and professional lives.
 - Allows us to discover new and interesting products
 - Allows us to access a wide range of goods or services
 - Bill payment
 - Banking
 - Insurance



TYPE OF E-COMMERCE

⦿ Business-to-business (B2B)

- Supports business transactions parties to a contract

⦿ Business-to-consumer (B2C)

- Connects individual consumers with sellers without going through the middleman
 - E.g. Amazon.com

⦿ Consumer-to-consumer (C2C)

- Connects individual sellers with people shopping for used items
 - E.g. ebay.com

BENEFITS

◎ *To Businesses*

- *Easy and speedy communications*
- *Business expansion opportunity*
- *Lower Cost*
- *Increase advertising possibilities*

◎ *To consumers*

- *Convenience*
- *Increased choices*
- *Informed choices*
- *Cheaper products*



RISK OF E-COMMERCE

- ◉ Scams
- ◉ Payment risk
- ◉ Fulfillment risk
- ◉ Deceptive Business Practices
- ◉ Security Risks
- ◉ Privacy
- ◉ System and Data Integrity



E-COMMERCE & CONSUMER PROTECTION

- Consumers should not be afforded any less protection in e-commerce than in other forms of commerce such as
 - Consumer protection from fraud
 - Right to choice of institutions and payment methods
 - Transaction privacy, safe record keeping and proof of payment
 - Managing information privacy
 - Risk management.



E-COMMERCE & CONSUMER PROTECTION

◉ Consumers should be protected against

- False Representations
- Unsolicited goods, emails etc
- Bait advertising
- Misleading and deceptive conduct
- Pyramid selling
- Referral selling

◉ Secure Payment

- Consumers should be provided with easy to use, secure payment mechanism and information on the security level of these mechanisms



E-COMMERCE & CONSUMER PROTECTION

◉ Disclosure of information

- Providers of goods and services should be obliged to make certain information available to consumers in E-Commerce

◉ Consumer Redress

- Consumers should be provided
 - meaningful access to fair and timely dispute resolution
 - redress without undue cost or burden
 - Redress with special attention to cross-border transactions

◉ Education and Awareness

- Consumers should be provided with education about e-commerce



E-COMMERCE CONSTRAINTS

- ◉ The emerging e-commerce has created new and emerging business and legal challenges
- ◉ Despite highly perceived benefits and optimism, the level of adoption of E-commerce by in Africa is still low
- ◉ This is due to a number of constraints and barriers.
- ◉ Building trust/ confidence
 - orders and payments are conducted with minimal risk
 - Enforcement of buyers' and sellers' rights and obligations



CONSTRAINTS-FINANCIAL SERVICES

- ⦿ A critical element necessary for e-commerce to succeed.
- ⦿ Raises challenges for most developing countries.
- ⦿ Infrastructure is required
 - to link national businesses with global banking networks
 - to allow efficient domestic and international business-to-business transactions;
 - to give consumers, small businesses, and local communities access to financial resources and services that will allow them to participate effectively in e-commerce.

CONSTRAINTS - INFRASTRUCTURE

⦿ Constraints

- Many consumers in Africa do not have regular access to the Internet,
- hinders the ability to develop e-commerce.
- Access to the internet is expensive and sometimes very slow.
- The most common Medias that reach people are radio, TV and mobile phone access.
- The internet is not yet a convenience in many countries in Africa for e-commerce.



CONSTRAINT -TRANSPORTATION AND DELIVERY SYSTEMS

- The essence of B2C e-commerce is the placing of an instant order, equally quick payment, followed by appropriately quick delivery of the goods.
- Constraints
 - Airfreight is risky, infrequent and expensive in Africa;
 - Sea Freight can be very lengthy for some countries
 - Threat of piracy attack at sea (e.g. in Indian Ocean)
 - customs clearance procedures are long and complex;

CONSTRAINTS- LEGAL ISSUES

- The legal framework for e-commerce is increasingly becoming complex and burdensome
- In E-Commerce agreements are between customers/ suppliers located anywhere in the world
- Constraints
 - Which country's laws are to be applied to address the respective rights and obligations of the parties?
 - What is the consequence of a country's lack of jurisdiction?
 - Different countries have different
 - Legal systems
 - Criminal law
 - consumer protection legislation
 - Competition Law

CONSTRAINTS - CONSUMER ISSUES

⦿ Constraints

- In some countries Consumer Protection law is non-existent
- In others, although exist
 - Additional protection inherent to e-commerce are lacking
 - (e.g. data protection, payment security etc)
 - companies and consumers are still unaware of
 - the legal constraints they may encounter by entering electronic transactions
 - Their rights and obligations in e-commerce

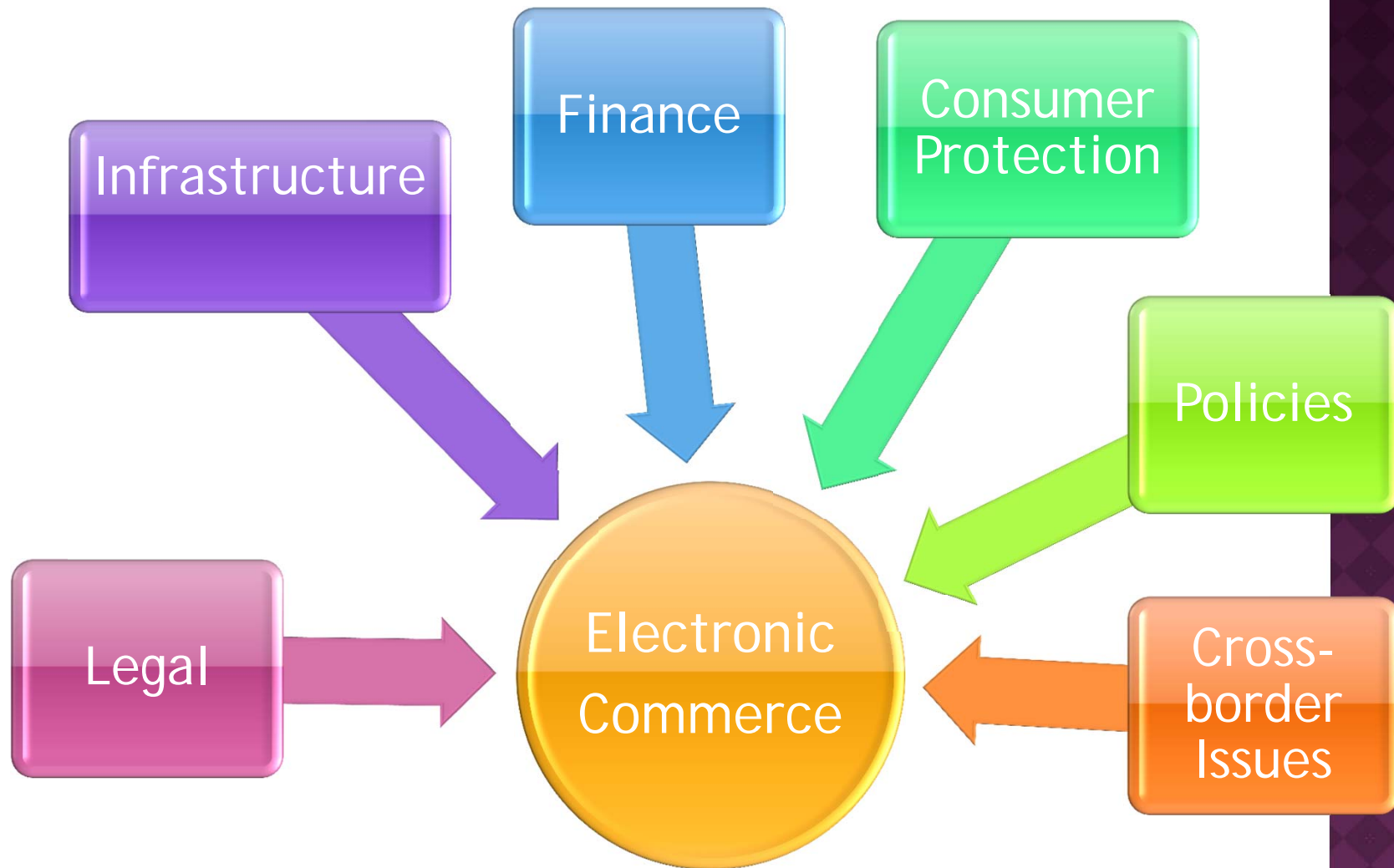


CONSTRAINTS - CONSUMER ISSUES

- Even if the law is present there is the perpetual problem of enforcement.
 - At national level
 - Due to cross-border issues
 - Lack of dispute settlement mechanisms
 - Lack of standardized framework for minimum consumer protections.
 - "choice of law" and jurisdictional rules



CHALLENGES FOR E-COMMERCE



CHALLENGES- FINANCIAL SERVICES

- Financial Services
 - Requires creative and co-operative efforts by
 - banks, Government, businesses and community leaders
 - Require concerted collaborative efforts between
 - fiscal authorities, banks and private sector merchants

- Legal Framework - Countries need to Enact or Review laws regarding
 - customs and taxes,
 - protection of intellectual property rights
 - Digital signatures
 - Online privacy and security,
 - data protection,
 - competition law
 - ICT laws
 - Online payment & banking
 - Contract
 - Cyber Criminal activity



CHALLENGES - INFRASTRUCTURE

- ◉ E-commerce requires
 - the careful planning and integration of a number of technology infrastructure components
 - large investment and expertise

- ◉ Cross border
 - International rules are required for electronic trade, especially in relation to law applicable to cross-border transactions.
 - Which taxation laws apply?
 - Which criminal laws apply?
 - Which consumer laws apply?
 - What laws apply to contracts agreed upon over the Internet?



CHALLENGES - CONSUMER PROTECTION

- ◉ International bodies must play a key role to address cross-border Consumer Protection issues through
 - International consultation, corporation, information exchange
 - at regional and international level
 - between judicial and law enforcement agencies
 - development of harmonize provisions of consumer protection law for e-commerce across various jurisdictions



CONCLUSION

- ◎ It is evident that to foster global online commerce to the benefit of consumers and merchants in every country requires
 - sustained efforts by all interested groups to build alliances and relationships
 - Joint forces of Government Institutions, Businesses, Consumers, regional and international bodies





The Fair Trading Commission
Seychelles